

Committee on Finance, Revenue, and Bonding, February 27, 2023

SUPPORT: SB 771: An Act Establishing a Refundable Child Tax Credit
SB 772: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit
HB 5673: An Act Concerning the Reformation of Certain Taxes and Tax Equity

Greater Hartford Legal Aid (GHLA), Connecticut Legal Services (CLS), and New Haven Legal Assistance Association (NHLAA) submit this testimony in **support of SB 771** “An Act Establishing a Refundable Child Tax Credit”; **SB 772** “An Act Increasing the Applicable Percentage of the Earned Income Tax Credit”; and the provisions of **HB 5673** that require a CT refundable CTC and expanded EITC. The EITC and a refundable Child Tax Credit have been demonstrated to reduce child poverty, and child poverty is costly in many ways.

SB 771 would establish a refundable child tax credit of \$250 per child for up to three children for low and middle-income taxpayers. During the pandemic, we saw that, on a national level, refundable child tax credits were highly effective at reducing child poverty to historic lows,¹ although Connecticut was one of a few states in which child poverty remained stubbornly unchanged.² Studies showed that parents spent the CTC on essentials for children, reducing food insecurity, housing instability, and the resultant toxic stress so harmful to child development.³

SB 772 would increase the CT Earned Income Tax Credit from 30.5% of the federal EITC to 40 percent. The federal EITC has been recognized as one of the most effective programs at reducing child poverty, resulting in calls for its expansion.⁴ The CDC says that the EITC “has been linked to positive health outcomes, particularly for infants and mothers.”⁵

HB 5673 contains provisions that call for both a refundable CTC and expanded EITC.

Legal services’ mission is to fight poverty, and so we support SB 771, SB 772 & HB 5673. Contacts: Giovanna Shay (GHLA) gshay@ghla.org; Sara Parker-McKernan (NHLAA) sparkermckernan@nhlegal.org.

¹ <https://www.epi.org/blog/child-tax-credit-expansions-were-instrumental-in-reducing-poverty-to-historic-lows-in-2021/>.

² <https://www.publicnewsservice.org/2022-09-21/poverty/ct-child-poverty-unchanged-census-reportsays/a80715-1>

³ https://www.cbpp.org/research/federal-tax/policymakers-should-expand-child-tax-credit-in-year-end-legislation-to-fight#_ftn9

⁴ https://gspp.berkeley.edu/assets/uploads/research/pdf/expand_earned_income_tax_credit_hoynes.pdf

⁵ <https://www.cdc.gov/policy/opaph/hi5/taxcredits/index.html#:~:text=EITC%20can%20improve%20public%20health,%2C%20educational%2C%20and%20social%20outcomes.>